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**Attorneys for Plaintiff CLAL Finance  
Batucha Investment Management Ltd.**

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

IN RE VERIFONE HOLDINGS, INC.  
SECURITIES LITIGATION,

No. C 07-06140 MHP  
Honorable Marilyn Hall Patel  
Courtroom 15

**DECLARATION OF PATRICK V. DAHLSTROM IN SUPPORT OF  
THE REPLY MEMORANDUM OF POINTS AND AUTHORITIES  
OF CLAL FINANCE BATUCHA INVESTMENT MANAGEMENT,  
LTD.'S AND DIRECT INVESTMENT HOUSE (PROVIDENCE FUNDS) LTD.'S  
MOTION TO APPOINT LEAD PLAINTIFF AND APPROVE LEAD COUNSEL**

DECLARATION OF PATRICK V. DAHLSTROM IN SUPPORT OF THE REPLY MEMORANDUM OF  
POINTS AND AUTHORITIES TO APPOINT CLAL FINANCE BATUCHA INVESTMENT MANAGEMENT,  
LTD., AND DIRECT INVESTMENT HOUSE (PROVIDENCE FUNDS), LTD., AS LEAD PLAINTIFF

1 I, Patrick V. Dahlstrom, hereby declare as follows:

2 1. I am a member the firm of Pomerantz Haudek Block Grossman & Gross LLP,  
3 counsel on behalf of CLAL Batucha Investment Management, Ltd and Direct Investment House  
4 (Providence Funds), Ltd. I make this Declaration in further support of the motion by CLAL  
5 Batucha Investment Management, Ltd., and Direct Investment House (Providence Funds), Ltd.  
6 for appointment as lead plaintiff and for approval of their selection of Pomerantz Haudek Block  
7 Grossman & Gross LLP as Lead Counsel and Cotchett, Pitre, Simon & McCarthy as Local  
8 Counsel for the Class.

9 2. Attached hereto as Exhibit A is a true and correct copy of the November 9, 2006  
10 MarketWatch report entitled Retalix Reported as Takeover Target.

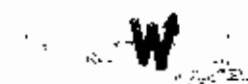
11 3. Attached hereto as Exhibit B is a true and correct copy of the August 1, 2007  
12 Special Equities Update by CLAL Finance, Batucha Brokerage.

13 I declare under the penalty of perjury that the foregoing is true and correct. Executed on  
14 February 25, 2008, at Chicago, Illinois.

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16 s/Patrick V. Dahlstrom  
Patrick V. Dahlstrom  
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27 DECLARATION OF PATRICK V. DAHLSTROM IN SUPPORT OF THE MOTION TO APPOINT CLAL  
28 FINANCE BATUCHA INVESTMENT MANAGEMENT, LTD., AND DIRECT INVESTMENT HOUSE  
(PROVIDENCE FUNDS), LTD., AS LEAD PLAINTIFF

# EXHIBIT A


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**BULLETIN DOW INDUSTRIALS SPIKE NEARLY 200 POINTS AS CLOSE DRAWS NEAR**

## Retailix reported as takeover target

### VeriFone said to be in talks on deal valued up to \$400 million

By Robert Daniel, MarketWatch

Last update: 9:38 a.m. EST Nov. 9, 2005

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TEL AVIV (MarketWatch) -- VeriFone Holdings Inc., a producer of electronic-payment technology, is in talks to acquire Retailix Ltd., an Israeli media report said.

Without citing sources, the daily newspaper Yedioth Achronot reported that the price under discussion indicated a company value of \$350 million to \$400 million for Retailix (RTLX ...) the Ra'anana, Israel, producer of management systems for supermarkets and distributors.

At Wednesday's closing price of \$16.68, up 48 cents, or 3%, Retailix's market capitalization is currently \$325 million. Retailix has seen its stock move down 40% from a 52-week high of \$27.55 set Dec. 7, 2005.

A spokesman for Retailix declined to comment.

"Why is a purchase a real option for Retailix? Price, price, price," wrote analyst Tzahi Avraham of Cial Finance Batucha in Tel Aviv.

He noted the recent drop in the price of the company's shares and wrote that selling Retailix might be the best route because "the feeling in the capital markets is that management is not succeeding in moving the company forward."

Avraham said in the report SAP (SAP -47.87, -0.18, -0.4%) and Oracle (ORCL -18.97, +0.07, +0.4%) might also be considered as potential buyers. And he said that if the company is indeed sold, it probably will fetch more than the \$400 million top of the range that Yedioth Achronot cited in the VeriFone talks.

The analyst ranks the stock as market perform with a target price of \$21.50.

The report comes just a bit more than a week after San Jose, Calif.-based VeriFone (PAY, -19.88, -0.02, -0.1%) closed on the \$793 million purchase of Lipman Electronic Engineering Ltd., an Israeli provider of electronic-payment technology.

On Oct. 30, Retailix revised its financial outlook. The company estimated a third-quarter loss of \$1 million, or a \$1 million adjusted profit, on revenue of about \$50 million.

The company also said it expected 2006 results to range from a loss of \$1 million to a profit of \$2 million. Adjusted profit for the year was seen at \$7 million to \$10 million on revenue of \$201 million and \$205 million.

The following day, Retailix stock closed down 10% after trading off as much as 21% at its 52-week low, \$14.78.

U.S.-listed shares got off on a positive note Thursday, rising some 4% in early action.

Robert Daniel is MarketWatch's Middle East bureau chief, based in Tel Aviv.

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# EXHIBIT B



August 1, 2007

## The downside in ascendance - Cash gets the royal treatment

In the current state of the global financial markets, that time-honored slogan, 'Cash is king,' is serving as our guideline. Risk is on the rise and the availability of capital declining. Investors won't be in any hurry to commit new funds to equities or bonds. The result: risk premiums will be on the rise, the use of debt for the financing new transactions will shrivel, and the ability to fund new business developments will hit rough patches.

The big losers in this environment are highly leveraged companies in need of capital to finance new projects.

Winners include firms with strong balance sheets, characterized by high levels of cash or equivalents, and the ability to further their business strategies without external financing needs.

Viewed against this backdrop, we're providing an update of our equity recommendations and providing concise accounts as to how the current environment is likely to affect the companies under review.

Company	Current rating	Impact
Teva	Outperform \$51	Almost none. The sector isn't at the whim of the global macro environment. The debt level is low, cash flow strong, and the company has enough cash in its coffers to acquire new companies with only limited external financing needs.
Israel Chemicals	Outperform NIS 39	Almost none. ICL's debt-to-equity ratio isn't high and is even on the decline. No credit crunch is in the offing. Potential acquisitions and future projects don't require high levels of cash.
Bank Hapoalim	Outperform NIS 23	An increased risk premium and concern that investors may lose their appetite for new debt offerings have the potential to strengthen the banks' business-loan operations. With a capital adequacy ratio of 10.65%, Hapoalim is positioned to extend new loans and/or make new investments. That said, its proprietary-trading operations may take a hit on poorly timed bond bets in Israel and abroad.
Bank Leumi	Outperform NIS 18.3	The new environment will affect the bank in the same way as Hapoalim. Leumi's hefty capital adequacy ratio of 11.88% provides it with the wherewithal to exploit future business opportunities.
Discount Bank	Outperform NIS 10	A capital adequacy ratio of 10.46% leaves the bank with fewer options to exploit unfolding developments. On top of which, concerns have arisen that the bank's New York franchise may have taken a hit in its bond portfolio. The new environment could also negatively affect the bank's business model.
Bank Hamizrahi	Outperform NIS 34	The bank's capital adequacy ratio is a robust 10.9%. This is a stable, well-diversified bank, with limited operations overseas.
Africa Israel	Market-perform NIS 430	The company's business strategy could be hurt. The firm is engaged in huge projects, mainly in the real estate and infrastructure sectors in Russia, the U.S., Europe, and the Far East. Advancing its business plans requires the availability of high levels of capital.
Kardan & GTC	Outperform NIS 76  Outperform NIS 74	The parent company's business plans could be negatively impacted. Its subsidiary, GTC, is engaged in launching large-scale real estate projects in Eastern Europe and China. A lack of readily available financing would obviously hurt these operations. TBIF, the group's financing unit, requires access to funding, which, in its absence, could put a damper on its growth rate.



Gazit Globe	Outperform NIS 58	The company has a relatively low debt level, comprising 66% of assets on a proportionally consolidated basis, and only 50% in its subsidiaries. We believe Gazit has been preparing for the current environment and may well launch an acquisition campaign, purchasing properties at lower levels than those available over the last year.
Ormat Industries	Market-perform NIS 55	The company's ability to grow by expanding its operations is a key component of its valuation model. At present, the company has limited debt (Ormat Technologies has net debt of \$350m versus assets valued at \$1.8bn) and should be able to implement its development plans unhindered. That said, the sector as a whole is dependent on both the availability of financing and on the going cost of capital, with their commensurate impact on the profitability of future projects.
Elbit Medical Imaging	Buy NIS 230	EMI has been actively raising capital and currently has substantial levels of cash on its books, which should enable it to further its projects in Eastern Europe. Seeing that the company sells its commercial centers on their completion, EMI will be able to use these funds to finance future projects. That said, concerns exist that profits associated with projects currently under way could be hurt. As to the investments in India, this operation could experience a slowdown, seeing that large amounts of capital are required.
Delek Automotive Systems	Outperform NIS 52	Almost no impact. Hefty demand for new cars has led the company to keep its inventories to a minimum, such that no significant financing is required on this score.
Delek Group	Buy NIS 1,200	As an investment company geared for growth, the group is negatively affected by increased risk premiums, though its subsidiaries have varied risk profiles. Delek U.S. Holdings and Delek Automotive will be minimally affected by the new environment. Delek Real Estate, Delek Israel, and the group's plans for expanding its insurance unit will be considerably affected.
Bezeq	Market-perform NIS 8	Local telecom operators generate cash flow that obviates the need for financing, but the companies are not expected to enter the acquisitions arena to any great extent. That said, the new environment will make raising capital more expensive if the companies choose to lever up.
Partner	Market-perform NIS 72	
VeriFone	Outperform \$41	Fortunately for VeriFone, it refinanced its operations last month, exchanging existing debt for lower cost bonds with options sweeter. That said, the company has plans for making further acquisitions, which the current environment could hinder.
Nice Systems	Market-perform \$39	As of Q1, the company had more than \$100m on its books, even after the Actimize acquisition. Nice is a serial acquirer, and it looks like it can stick to this game plan based on its own internal cash generation.
Elbit Systems	Outperform \$49	The company is not affected by the current environment. Elbit isn't highly leveraged, and in any case, its main acquisitions have already been completed.
Housing & Construction Holdings	Buy NIS 10.6	As a company active in the infrastructure sector and an initiator of real estate projects, HCH is negatively affected by higher risk premiums, but seeing that most of its revenues are generated from government-backed projects, the impact should be lessened. That said, potential difficulties could arise in financing overseas infrastructure projects.
Electra	Buy NIS 1,110	The company carries a debt level of a minimal NIS 270m and is therefore unaffected by a higher risk premium. Still, future development of the business is at risk, seeing that large financing needs are required.